

# MONTANA Economy at a Glance

## Recent Retirees

The Department of Labor and Industry's Research and Analysis Bureau would like to thank and acknowledge our recent retirees, Phil Brooks and Kitty Cutting.

Dr. Phil Brooks served the people of Montana as R&A's Chief Economist for 15 years. His work with the bureau provided Montanans with the best local economic information and analysis available. Phil's last article for the bureau is featured in this issue of *Montana Economy at a Glance*.

Kitty Cutting has retired after 3½ years with R&A, working in the Occupational Employment Statistics (OES) program, and providing Montanans with indispensable information on employment and wages. Kitty now plans to pursue a Doctorate of Education in Educational Leadership at the University of Montana in Missoula.

R&A would also like to recognize Bob Schleicher for his 15+ years of service. Bob was responsible for setting Montana's prevailing wage rates, and his last article for the bureau also appears in this publication. Bob has not retired, but has accepted Governor Schweitzer's appointment to the position of the Citizens' Advocate in the Office of the Governor. His coworkers at R&A know he'll do great things for the people of Montana.

Best of luck to all of you from everyone at R&A. It was our pleasure working with you, and you will all be missed.

## Earnings

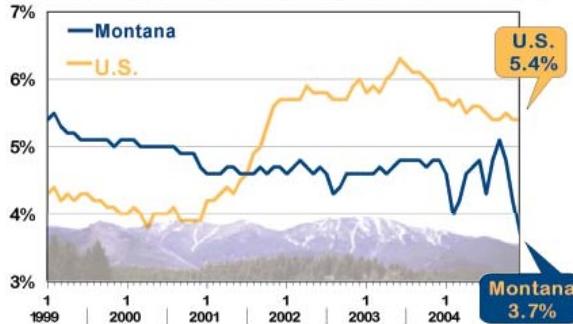
Average weekly earnings for Montana's private sector workers reached \$420.91 in December\*, up from \$408.15 in December 2003. This average marks an over-the-year increase of 3.1%. The Consumer Price Index (an indicator of U.S. inflation) increased by 3.3% over-the-year for December.

\*December 2004 rate preliminary

Editor: Robert C. Marvin

## Unemployment

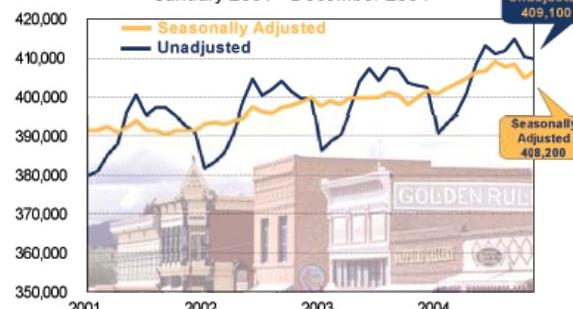
Seasonally adjusted (preliminary December 2004 data)



Montana's seasonally-adjusted unemployment rate dropped to 3.7% in December 2004 from 4.2% in November 2004. Meanwhile, the U.S. rate remained steady at 5.4% for December 2004.

## Nonfarm Employment Series

January 2001 - December 2004



Montana's seasonally-adjusted nonagricultural payroll employment was up 6,500 jobs (1.6%) over-the-year for December. The largest gains were in Construction, which was up by 1,900 jobs (8.3%); Natural Resources and Mining, up 700 jobs (11.1%); and Financial Activities, showing an increase of 700 jobs (3.4%).

## Employment by Industry

Industry Employment (in thousands)	Dec. 2004	Dec. 2003	Net Change	Percent Change
Total Non-Agricultural	408.2	401.7	6.5	1.6%
Natural Resources & Mining	7.0	6.3	0.7	11.1%
Construction	24.9	23.0	1.9	8.3%
Manufacturing	18.9	18.4	0.5	2.7%
Trade, Transportation, Utilities	85.1	84.6	0.5	0.6%
Information*	7.4	7.5	-0.1	-1.3%
Financial Activities	21.1	20.4	0.7	3.4%
Professional & Business Services	33.1	33.0	0.1	0.3%
Education & Health Services	54.3	53.7	0.6	1.1%
Leisure & Hospitality	53.2	52.2	1.0	1.9%
Other Services*	16.5	16.3	0.2	1.2%
Total Government	86.7	86.3	0.4	0.5%

\*These series are not seasonally adjusted

## Unemployment by County

	Not seasonally adjusted	Dec. 2004*	Dec. 2003
UNITED STATES		5.1%	5.4%
MONTANA		4.1%	5.3%
Cascade **		3.8%	4.8%
Missoula **		3.4%	4.3%
Yellowstone **		3.0%	4.0%
Beaverhead		3.3%	3.7%
Big Horn		11.3%	14.4%
Blaine		4.5%	5.8%
Broadwater		3.5%	6.4%
Carbon		4.4%	4.6%
Carter		1.2%	1.8%
Chouteau		2.8%	3.6%
Custer		3.7%	3.6%
Daniels		1.6%	2.6%
Dawson		2.3%	2.8%
Deer Lodge		6.8%	8.1%
Fallon		3.0%	3.4%
Fergus		6.7%	6.4%
Flathead		5.6%	7.8%
Gallatin		2.6%	3.4%
Garfield		4.2%	3.4%
Glacier		11.4%	12.6%
Golden Valley		7.3%	10.1%
Granite		6.2%	8.0%
Hill		3.5%	3.6%
Jefferson		4.1%	4.5%
Judith Basin		5.3%	5.1%
Lake		5.9%	7.2%
Lewis & Clark		3.7%	4.0%
Liberty		3.1%	4.1%
Lincoln		11.4%	16.6%
McCone		1.2%	3.7%
Madison		3.2%	4.1%
Meagher		5.2%	7.8%
Mineral		8.2%	9.3%
Musselshell		6.7%	8.7%
Park		5.1%	5.9%
Petroleum		3.8%	3.9%
Phillips		4.0%	5.1%
Pondera		5.2%	5.5%
Powder River		2.3%	4.2%
Powell		6.5%	4.4%
Prairie		4.0%	6.9%
Ravalli		5.3%	6.8%
Richland		2.3%	3.7%
Roosevelt		7.5%	7.9%
Rosebud		5.4%	6.6%
Sanders		6.5%	9.7%
Sheridan		2.8%	4.7%
Silver Bow		3.9%	5.5%
Stillwater		2.2%	3.0%
Sweet Grass		2.2%	2.3%
Teton		3.8%	4.2%
Toole		2.1%	2.9%
Treasure		3.4%	3.7%
Valley		3.2%	4.1%
Wheatland		4.8%	5.7%
Wibaux		1.5%	3.3%

\*December 2004 rate preliminary

\*\* Cascade=Great Falls MSA

Missoula= Missoula MSA

Yellowstone=Billsign MSA

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December 2004

# Montana Economy at a Glance

## PROJECTED MISSOULA COUNTY JOBS BY INDUSTRY, 2002-2012: A PREVIEW

*By Phil Brooks, Chief Economist*

Each month, *Montana Economy at a Glance* provides estimates of the state's current employment by industry. However, business leaders, public officials, and career planners need to prepare for the future as well. Thoughtful present day decisions require projections of future employment levels.

Industry employment projections help private business leaders make decisions about the location and future direction of their companies. Likewise, public officials (county commissioners and other county or city government executives, along with judges) need projections to make informed decisions about the local economy and its component industries. Economic development leaders, whether public or private, also rely on employment projections for planning. Last but not least, industry projections are a primary input to occupational employment projections, which are critical for career planning.

What follows is a summary of industry projections for the time period of 2002 to 2012, for about 100 private and public sectors or segments of the Missoula County economy. Since most job growth involves wage and salary (payroll) jobs, these jobs will be emphasized in this narrative.

Roughly 17,000 net additional jobs (the difference between jobs created and jobs destroyed) are projected for Missoula County between 2002 and 2012—13,000 of which are estimated to be net new payroll jobs, and the remaining 4,000 as net new self-employment jobs. This translates into an average of roughly 1,700 net jobs per year. Some years will exceed this figure and other years will fall short. The yearly growth rate is projected at around 2.3 percent. This compares with 1.6 percent for Montana and 1.5 percent for the nation (U.S. Bureau of Labor Statistics).

Missoula County's annual employment growth has exceeded the statewide and national rates for some time. Missoula, being a large urban county by Montana standards, will likely grow faster than rural counties, in part because of the long-time historical movement of people from rural to urban areas.

Any economy can be divided into its goods-producing sectors (producing a physical product) and service-producing sectors. The employment division between these two categories in Missoula County is about 12 percent for the goods-producing segment and 88 percent for service sectors. Partly because of this, most absolute job growth is projected to be in the service sector. In terms of payroll jobs, the largest increases are projected for private education and health services (340 per year), leisure and hospitality services (250 per year), retail trade services (180 per year), and professional and business services at about 160 net jobs per year (see the table on the back page).

Construction is the employment growth engine for the goods-producing segment, with an average yearly increase of 100 net payroll jobs. Long-term construction employment increases are largely related to population growth. All the other major components of the goods-producing segment are projected to be flat or to decrease. Natural resources, which includes agriculture and forestry (timber), is forecast for basically no growth. Manufacturing is forecast to decline by roughly 15 jobs per year, primarily because of a projected decline in wood products manufacturing.

The future is inherently uncertain or unknown, so all of the projections described above should be interpreted as a general approximation of the true future level of jobs. More details are available on our website: [www.ourfactsyourfuture.org](http://www.ourfactsyourfuture.org).



# Defining Prevailing Wage

By Bob Schleicher & Robert C. Marvin

Here at the Research and Analysis Bureau, we frequently receive calls asking for the prevailing wage for a certain occupation. However, there is a lot of confusion about the term “prevailing wage,” and depending on how the information will be used, two callers may be asking for very different things. At least four types of wage information are referred to as “prevailing wage.” It is important to know the differences, because some prevailing wages are mandated by state or federal law. Using the wrong information could result in legal action.

## **U.S. Department of Labor Foreign Labor Certification (FLC) Prevailing Wage**

This type of prevailing wage information is only used to determine wages for foreign workers. The Research and Analysis Bureau sets the minimum wage rate for workers who enter the United States under the H-1B (temporary professional), H-2B (temporary nonprofessional) and Permanent visas. Employers must pay at least the Foreign Labor Certification Prevailing Wage or they are not allowed to hire the foreign workers. The Research and Analysis Bureau also conducts agricultural wage surveys that are used to determine the prevailing wage rates for H-2A foreign farm laborers.

## **Federal Davis-Bacon and McNamara-O’Hara Service Contract Act Prevailing Wages**

The Federal Davis-Bacon Act sets minimum wages that must be paid to workers on federally funded or assisted building construction projects as well as heavy and highway construction projects. The McNamara-O’Hara Service Contract Act (SCA) sets the minimum wages that must be paid to workers on federally funded nonconstruction related contracts. The intent of these acts is to maintain quality control by attracting highly skilled workers for public works projects and to eliminate wage cutting as a method of competing for public contracts. These wages are set by the U.S. Department of Labor.

## **Montana Prevailing Wage (Little Davis-Bacon Act Wages)**

After Congress passed the Federal Davis Bacon Act, many states passed their own version, hence, Little Davis-Bacon Acts. This type of prevailing wage is similar to the federal Davis-Bacon wages, but is set by the Montana Department of Labor and Industry, and applies to public works contracts worth \$25,000 or more and involving public funds. These prevailing wage rates are divided into four types: heavy, highway, and building construction; and nonconstruction services. The heavy and highway rates are adopted directly from the Federal Davis-Bacon wage program. The building construction rates are based upon an annual state survey of all registered contractors, master electricians, and plumbers. The nonconstruction services survey (the Montana version of the McNamara-O’Hara Service Contract Act) is conducted biennially. This type of prevailing wage is intended to protect local labor markets by ensuring fair wages and benefits for Montana workers.

## **Average and Median Wages**

While the term “prevailing wage” refers specifically to wages set by government agencies which are enforced by law, average hourly or yearly wages are commonly referred to as “the prevailing wage” for an occupation. Workers like to compare their salaries against occupational averages and employers can use this information to help them when setting wages rates or determining salary increases. Average wages are also valuable in career planning, whether by students deciding on a direction for their education, or by workers considering switching jobs. Akin to the average wages are the median wages. Median wages denote a wage in the middle of the wage range; that is, there are an equal number of wages below the median wage as there are higher than the median wage. Median wages are used in the same way as average wages, and are simply another statistical tool to describe what the typical worker earns in an occupation.

All of the wages described in this article can be found on our website at [www.ourfactstyourfuture.org](http://www.ourfactstyourfuture.org). For federal and state prevailing wage rates, click on the “Prevailing Wage” button on the left sidebar. Average and median wages can be found by clicking on the “Data Analysis” tab at the top right of the homepage, selecting “Occupational Employment Statistics (OES) Wages,” and entering your search selections. To obtain wages for the Foreign Labor Certification Program, please contact Eric Johnson at (800)541-3904, or by email at [erjohnson@mt.gov](mailto:erjohnson@mt.gov).

**Missoula County Payroll Jobs by Industry, 1992, 2002, 2003, & Projected 2012**

NAICS Codes*	Industry	Annual Avg. Jobs 1992	Annual Avg. Jobs 2002	Annual Avg. Jobs 2003	Projected Annual Jobs 2012	Average Job Change 2002-12	Annual Growth Rate 2002-12
11 & 21 NATURAL RESOURCES: AGRICULTURE, FORESTRY, MINING		378	391	399	386	-1	-0.1%
22	UTILITIES	193	159	157	154	-1	-0.3%
23	CONSTRUCTION	1,650	2,723	2,963	3,724	100	3.2%
31-33	MANUFACTURING	3,594	2,856	2,793	2,720	-14	-0.5%
42	WHOLESALE TRADE	1,420	2,051	2,083	2,311	26	1.2%
44-45	RETAIL TRADE	5,624	7,352	7,755	9,108	176	2.2%
48-49	TRANSPORTATION	1,780	2,115	2,112	2,334	22	1.0%
51	INFORMATION	745	1,315	1,204	1,202	-11	-0.9%
52-53	FINANCIAL ACTIVITIES INCLUDING REAL ESTATE	1,566	2,344	2,465	2,915	57	2.2%
54-56	PROFESSIONAL AND BUSINESS SERVICES	2,469	4,756	4,802	6,367	161	3.0%
61-62	PRIVATE EDUCATION AND HEALTH SERVICES	4,920	7,507	7,599	10,863	336	3.8%
71-72	LEISURE AND HOSPITALITY	4,489	6,439	6,694	8,891	245	3.3%
81	OTHER PRIVATE SERVICES	1,408	2,482	2,516	3,166	68	2.5%
	FEDERAL GOVERNMENT	1,376	1,518	1,554	1,504	-1	-0.1%
	STATE GOVERNMENT (Includes University of Montana)	3,563	4,628	4,832	5,713	109	2.1%
	LOCAL GOVERNMENT (Includes K-12 public education)	2,786	3,320	3,376	3,692	37	1.1%
	<b>TOTAL WAGE AND SALARY JOBS</b>	<b>37,961</b>	<b>51,956</b>	<b>53,304</b>	<b>65,050</b>	<b>1,309</b>	<b>2.3%</b>

\*North American Industry Classification System Code

Source: Research &amp; Analysis Bureau, Montana Department of Labor &amp; Industry

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RESEARCH & ANALYSIS BUREAU



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